

April 15, 2013

The Honorable Kevin Brady
Chair
Energy Tax Reform Working Group
Committee on Ways & Means
United States House of Representatives
Washington, D.C., 20515

The Honorable Jim Gerlach
Chair
Manufacturing Tax Reform Working Group
Committee on Ways & Means
United States House of Representatives
Washington, D.C., 20515

The Honorable Mike Thompson
Vice Chair
Energy Tax Reform Working Group
Committee on Ways & Means
United States House of Representatives
Washington, D.C., 20515

The Honorable Linda Sanchez
Vice Chair
Manufacturing Tax Reform Working Group
Committee on Ways & Means
United States House of Representatives
Washington, D.C., 20515

Re: Comments: "Energy and Manufacturing Tax Reform Working Groups"

Dear Congressman Brady, Congressman Thompson, Congressman Gerlach, and Congresswoman Sanchez,

I write in support of Congressional efforts to reform the tax code which will make the United States tax system more globally competitive. NatureWorks LLC appreciates the opportunity to provide comments to the Energy and Manufacturing Tax Reform Working Groups of the House Ways and Means Committee on the enactment of a production tax incentive to accelerate commercialization of the renewable chemicals and biobased products industry.

NatureWorks is the first company to offer a family of commercially available, low-carbon-footprint Ingeo chemical intermediates and biopolymers derived from 100 percent annually renewable resources with performance and economics that compete with oil-based intermediates, plastics, and fibers, and provide brand owners' new cradle-to-cradle options after the use of their products.

NatureWorks LLC represents one of the largest efforts ever in green chemistry and biorefining.

As your Working Groups consider reforms, policy makers need to recognize tax policy is particularly important to emerging technologies that have not yet achieved commercial scale in the industrial and environmental biotechnology sector. This is clearly the case for renewable chemicals. A production tax credit for renewable chemicals will promote investment and domestic production of innovative renewable chemicals for everyday consumer products from plastic packaging to carpets, to personal care products.

Ingeo™ - ingenious materials from plants, not oil..



Today, with representatives in over 10 countries, NatureWorks LLC does business in North and South America, Europe, Japan and throughout the Asia Pacific region. We work with manufacturers, global brand and retailers around the world to help introduce innovative eco-friendly products made with Ingeo plastics & fibers.

NatureWorks urges enactment of a Renewable Chemical Production Tax Credit to pay strong dividends in the future of U.S. chemical manufacturing, improve trade balance, maintain U.S. leadership in clean energy and manufacturing, create thousands of high quality U.S. jobs and reduce demand on volatile petroleum prices. Federal policies that provide production incentives would help this emerging industry expand and grow throughout the country, and maintain America's early leadership in the important arena of green chemistry.

With our broad product portfolio and global customer base, NatureWorks is enabling the production of new generation of renewable chemicals from renewable biomass, which can supplement or substitute traditional petroleum-based chemicals and products. The emergence of this technology represents a historic opportunity to reverse job losses in the U.S. chemicals and plastics sectors while simultaneously improving energy security and the environment. As leaders in a critical innovative sector in the U.S., we are well aware of the financial constraints facing this country, including but not limited to, the federal budget. However, the U.S. also faces the challenge of reducing its costly dependence on foreign oil and competing in a \$2.4 trillion worldwide clean energy market with a number of countries already implementing aggressive alternative energy development programs.

Production tax credits are currently offered to incumbent fossil energy industries. As such, the renewable chemicals allowance is critical to NatureWorks efforts to attract capital given that these types of incentives are offered to other U.S. energy sectors. It will be much more difficult for NatureWorks to develop projects in the United States with other nations already offering attractive investment incentives. As we prepare deployment of our technologies in 2013 and beyond, we would welcome broader comprehensive tax reform discussions to take into consideration the enactment of a production tax credit, *Qualifying Renewable Chemical Production Tax Credit Act of 2012, H.R. 4953*, and its Senate Companion bill, *S.3491*. The draft legislation needs to be re-introduced in the 113th Congress, and if enacted, the production tax credit proposal will provide the following:

- Tax parity for renewable chemicals with other uses of biomass in energy production;
- Accelerated commercialization of the renewable chemicals technology and biobased products, and
- Thousands of high quality U.S. jobs, reduced demand for imported petroleum products, and help maintain U.S. leadership in clean energy, sustainable chemistry and biobased manufacturing building the nations biobased economy.

While the U.S. has made great strides in developing a Bioeconomy, more can be done. The U.S. may already be falling behind other trading nations in commercializing biotechnologies and building biobased manufacturing facilities. Other nations are using government incentives to

Ingeo™ - ingenious materials from plants, not oil.



invest and to ramp up commercial development of biotechnology applications. In many instances, those nations are working with American companies and U.S. technologies. As a general matter, we support efforts underway to update, level-set and innovate the U.S. tax code, particularly as it applies to innovation sectors such as the renewable chemicals and biobased products industry. It is absolutely critical to provide incentives such as a production tax credit which would mitigate driving private capital to other countries.

We look forward to working with you on this important matter.

Sincerely,

Marc Verbruggen
President & CEO
NatureWorks LLC

Ingeo™ - ingenious materials from plants, not oil.

